EXCISE

(147)

DEPARTMENT OF STATE

BRIEFING PAPER

CONFIDENTIAL

TUNISIAN ASSISTANCE

I. STATEMENT OF THE ISSUES

Since achieving independence, Tunisia has been a force of moderation in regional and international affairs--frequently directly cooperating with us--and a center of stability in an otherwise turbulent region. In the past Tunisia has [redacted] B1, AS concentrated its resources--domestic and international assistance--on economic development and has kept defense expenditures to a minimum. More recently, however, Tunisia has become alarmed by Libya's massive arms acquisition, Libya's organization of the Gafsa raid and other incursions into Tunisia, and Libya's generally aggressive policy of destabilization. Tunisian leaders have concluded that its security expenditures must be urgently expanded and have requested [redacted] B1, AS military assistance [redacted] from the U.S. as well as continued U.S. economic assistance.

[redacted] B1, AS

II. TIME CONSTRAINTS

The FY 81 bill requires Congressional action. If the lame duck session of Congress fails to pass the pending FMS authorization bill this should be a priority item when the new Congress convenes in late late January.

The proposed FY 82 assistance package for Tunisia needs to be included in the final budget sent to Congress for legislative approval. Without the combination of the FY 81 and FY 82 packages (see below) we will damage not only our bilateral relationship with the Tunisians but also our position with other moderate Arab governments, such as Saudi Arabia, Morocco and Egypt who look to us to recognize Tunisia's embattled position.

III. WHAT WE ARE DOING AND WHY

Tunisia's economic and security needs have been addressed:

The FY 81 legislation has the following amounts for Tunisia:

FMS	$30 million *
DA	$26.1 million
PL 480 Title I	$10 million
PL 480 Title II	$ 3.8 million

*Original proposal was $15 million, but the Senate/House conference committee has doubled that amount.

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State has proposed the following assistance package for FY 82:

FMS	$75 million
ESF	$10 million
PL 480 Title I	$17 million
PL 480 Title II	$ 3 million
HIG	$25 million

The final numbers have not been set by OMB for FY 82 but preliminary indications are that the PL 480 Title I will be eliminated or drastically pared down and the FMS amount reduced. Such action on PL 480 would prevent our carrying out Ambassador Bosworth's strategy to phase out PL 480 over a three year period with a total of $50 million for that period.

[redacted] Of the $75 million FMS requested in FY-82, $30 million is needed to complete funding for 300 Chaparral missiles to upgrade the Tunisian air defense system. The additional $45 million is needed to make a dependable undertaking on the purchase of a squadron of F-5E interceptors available in the near future from another country's now-defunct program. A major reduction in FMS would seriously affect this essential program, although the conference's decision to increase FY 81 FMS from $15-30 million, if this action is approved on the floor, will be useful.

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